

Manitoba



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November 6, 2000

Please note this is a replacement copy of the Manitoba Family Services and Housing annual report.

Reference to The Loan Act on p. 11 is deleted and formatting changes begin on p. 143.

Manitoba Family Services and Housing asks that initial copies sent to you be discarded.

Thank you,

Kim Horner
Manitoba Government Publications

Overview

The Departments of Family Services and Housing were amalgamated in 1999. This new combined department provides a comprehensive range of social services, income assistance and housing programs for Manitobans who are vulnerable, in financial need or require affordable housing.

The department is organized into five divisions: Administration and Finance, Employment and Income Assistance, Community Living, Child and Family Services, and Housing. The executive function in the department includes support for the offices of the Minister and Deputy Minister.

The department delivers services throughout the province through several networks of regional offices. The two major regional service systems for Family Services programs include the Employment and Income Assistance District Offices, which deliver the Employment and Income Assistance program, and the Family Services Regional Offices, which provide a range of social services. Maps of these regional systems are provided following this Overview. Provincial Housing policy, program delivery and the management of provincial housing assets are carried out through three organizational entities, including the Housing Division, the Manitoba Housing and Renewal Corporation, and the Manitoba Housing Authority. The Housing Division services are delivered centrally from Winnipeg. The property management function for the provincially owned housing portfolio is provided for by the Manitoba Housing Authority in district offices located in Winnipeg and rural Manitoba.

The statutory responsibilities of the Minister of Family Services and Housing are as follows:

The Adoption Act;
The Child and Family Services Act;
The Community Child Day Care Standards Act;
The Employment and Income Assistance Act;
The Housing and Renewal Corporation Act;
The Intercountry Adoption (Hague Convention) Act;
The Parents Maintenance Act (Section 10);
The Social Services Administration Act;
The Vulnerable Persons Living with a Mental Disability Act; and
The Elderly and Infirm Persons' Housing Act.

The Employment and Income Assistance Act, The Social Services Administration Act, and The Housing and Renewal Corporation Act require the Minister to report annually to the Legislature. These reporting requirements for 1999/2000 are met by this Annual Report.

**THE MANITOBA HOUSING AND RENEWAL CORPORATION
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2. Significant accounting policies

a) Basis of accounting

The Corporation's financial statements are prepared using the accrual basis of accounting.

b) Loans and mortgages receivable

Loans and mortgages receivable are valued at principal amounts less an allowance for loan impairment.

c) Loan forgiveness

Loan forgiveness for forgivable loans is approved in accordance with the terms of the loan agreements. The Corporation records an asset valuation allowance equal to the amount of the loan at the time the loan is granted. As forgiveness conditions are met by the borrower, the Corporation records the annual forgiveness by reducing both the forgivable loan and the accompanying valuation allowance.

d) Allowance for loan impairment

The Corporation maintains an allowance for loan impairment, which reduces the carrying value of loans and mortgages receivable to their estimated realizable amounts. Depending on the program under which the loan or mortgage is made, estimated realizable amounts are determined with reference to the Corporation's historical loss experience on similar loans or the appraised value of the project financed by the loan or mortgage.

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Specific allowances are established for individual loans and mortgages for which the estimated realizable amount is less than the carrying value. The Corporation does not provide any additional non-specific, general provision for loan impairment. The Corporation's Board of Directors has approved a policy which defines whether an individual mortgage or loan balance is to be considered impaired based on the time period that it has been in arrears.

e) Housing projects and amortization

- i) Social housing projects are valued at cost less accumulated amortization.
- ii) Market housing projects are valued at the lesser of cost less accumulated amortization and net realizable value.
- iii) Cost includes direct construction costs, land acquisition costs and interest and other related carrying charges incurred during the period of construction.
- iv) Housing projects which are declared abandoned or surplus to the needs of the Corporation are valued at the lesser of cost less accumulated amortization and net realizable value.
- v) Amortization of housing projects is based on the actual principal repayment of the long term debt. This policy is similar to that followed by Canada Mortgage and Housing Corporation (CMHC). Amortization for projects built under the Rural and Native Housing Program is based on the imputed principal repayment equivalent to that of 100% long term debt financing with CMHC.

f) Housing investment

Housing investment is valued at cost less accumulated amortization. Annual amortization is equal to the annual principal repayment of the imputed long term debt as determined by CMHC.

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g) Interest in joint venture

The interest in joint venture is recognized using the proportionate consolidation method. Proportionate consolidation is a method of accounting and reporting whereby MHRC's prorata share of each of the assets, liabilities, revenues and expenditures of the joint venture is combined on a line by line basis with similar items in MHRC's financial statements.

h) Land

Land is valued at the lower of cost and appraised value adjusted for estimated disposition costs, except for land leased to co-operatives. Cost includes acquisition costs and related carrying costs. The carrying costs of the land, which include interest, planning and development costs, grants in lieu of taxes, less revenue derived from use of undeveloped land, were capitalized to land to March 31, 1993. Effective April 1, 1993 the carrying costs are charged annually to operations. Cost for land acquired after March 31, 1993 consists of the original purchase price.

Land leased to co-operatives is valued at original cost. The Corporation incurs no liabilities or obligations with respect to the lessees' buildings situated on the land. The carrying costs of the land, net of lease revenue, are charged annually to MHRC operations.

i) Interest capitalization

Interest costs on financing related to housing projects and housing investments are capitalized to the date of completion.

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j) Pension costs and obligations

Current service contributions for MHA employees are recognized as operating expenses. The Corporation has no further liability associated with the annual cost of pension benefits earned by employees.

k) Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a straight-line basis at the rate of 25% per year.

l) Contributed services

Under an agreement entered into between The Manitoba Housing and Renewal Corporation and the Department of Housing, in 1984, the Department provides administrative services to MHRC at no cost. The value of these contributed services is \$5,107,500 (1999 - \$3,458,300) and is recorded as revenue and expenditure.

m) Modernization and improvement

Normal, recurring modernization and improvement expenditures, which are funded by annual grant and subsidy revenues are expensed in the period in which they are incurred. Significant, non-recurring modernization and improvement costs, which are funded by designated revenues, are accrued in the same period that such designated grant or subsidy revenues are approved by the funder and recorded by MHRC.

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n) Financial instruments

i) Financial Risk

Financial risk is the risk to the Corporation's operations that arises from fluctuations in interest rates, and the degree of volatility of those rates. The Corporation does not use derivative instruments to reduce its exposure to interest risk. This risk is mitigated through the almost exclusive use of fixed rate terms for its mortgages and loans receivable and its long term debt.

ii) Credit Risk

Credit risk arises from the potential that a counterparty to an agreement with the Corporation will fail to perform its obligations. The Corporation conducts an assessment of credit issues prior to committing to such agreements and it actively monitors the credit risks associated with its accounts receivable and loans and mortgages receivable on an ongoing basis.

iii) Fair Value

There is no secondary market for many of the financial assets in which the Corporation invests or for the debt it issues. These circumstances, together with the uncertainty and potentially broad range of outcomes pertaining to the future cash flows related to these items, render the calculation of fair values, with appropriate reliability, impractical.

3. Acquisition of Control of Social Housing Operations

Pursuant to the Social Housing Agreement executed by MHRC and CMHC on September 3, 1998 which took effect October 1, 1998, CMHC transferred its ownership interest in Public Housing Projects to MHRC in accordance with a Declaration of Trust, and MHRC has assumed sole responsibility for operating policy decisions relating to these projects. Previous agreements provided for the two parties to exercise joint control over operating policies. Operating losses in programs for which MHRC has assumed responsibility have been reflected in Schedule D since the effective date together with CMHC subsidies thereon. Prior to the effective date, MHRC recorded only its net cost of providing subsidies towards program operating losses.

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4. Cash

	<u>2000</u>	<u>1999</u>
On deposit with the Minister of Finance:		
Trust deposits	\$42,819,501	\$12,039,006
Modernization and improvement fund	16,090,062	15,393,591
Risk reserve fund (note 25)	12,701,687	12,190,152
Mobile home loan guarantee program fund (note 27)	674,229	643,307
Security deposits	97,077	90,805
Noon meal program	<u>115,782</u>	<u>110,033</u>
	72,498,338	40,466,894
 Bank	 1,150,531	 (4,672,661)
Petty cash	<u>7,200</u>	<u>8,650</u>
 Cash	 <u>\$73,656,069</u>	 <u>\$35,802,883</u>

5. Accounts receivable and accruals

	<u>2000</u>	<u>1999</u>
Canada Mortgage and Housing Corporation	\$ 309,326	\$26,336,423
Government of the Province of Manitoba and its agencies	16,447,492	19,548,746
Rent receivables - net of allowance of \$1,305,551 (1999 - \$378,000)	199,303	264,429
Accrued interest on loans and mortgages	757,489	822,452
City of Winnipeg - net of allowance of \$87,645 (1999 - \$67,122)	172,292	28,002
Other - net of allowance of \$301,919 (1999 - \$929,361)	<u>4,563,029</u>	<u>2,677,216</u>
 Accounts receivable and accruals	 <u>\$22,448,931</u>	 <u>\$49,677,268</u>

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6. Loans and mortgages receivable

a) Composition of loans and mortgages receivable

	<u>2000</u>	<u>1999</u>
Federal/Provincial Housing:		
Private Non-Profit Housing Program	\$114,372,310	\$115,421,863
Rural and Native Housing Program	188,023	238,867
Urban Native Housing Program	<u>43,639,000</u>	<u>44,650,948</u>
	<u>158,199,333</u>	<u>160,311,678</u>
Market Rental Programs:		
Co-operative HomeStart Program	8,437,938	8,756,882
Co-operative Index Linked Program	10,062,709	10,482,298
Manitoba Rural RentalStart Program	607,400	601,162
Manitoba Senior RentalStart Program	<u>5,664,423</u>	<u>10,112,344</u>
	<u>24,772,470</u>	<u>29,952,686</u>
Other Programs:		
Community Residences Program	8,104,350	8,919,046
Market Homeowner Programs	521,935	643,955
Homeowner Rehabilitation Programs	528,945	572,325
Other	<u>225,307</u>	<u>241,291</u>
	<u>9,380,537</u>	<u>10,376,617</u>
	<u>192,352,340</u>	<u>200,640,981</u>
Less - allowance for loan impairment	<u>9,716,293</u>	<u>9,723,080</u>
Loans and mortgages receivable	<u><u>\$182,636,047</u></u>	<u><u>\$190,917,901</u></u>

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Loans and mortgages receivable bear interest at various rates between 2% and 13.5% with maturities at various dates to 2024.

In addition to the loans and mortgages above, forgivable loans outstanding in the amount of \$6,587,992 (1999 - \$6,659,867) have been approved in accordance with the terms of the loan agreements. An asset valuation allowance equal to the amount of outstanding forgivable loans has been recorded by the Corporation.

b) Allowance for loan impairment

The allowance for loan impairment is comprised of the following specific provisions:

	<u>2000</u>	<u>1999</u>
Market rental programs	\$9,516,119	\$9,526,535
Other programs	<u>200,174</u>	<u>196,545</u>
	<u>\$9,716,293</u>	<u>\$9,723,080</u>

7. Housing projects

	<u>2000</u>	<u>1999</u>
Completed Housing Projects:		
Original cost	\$404,422,743	\$405,846,438
Less - financing provided by CMHC	<u>20,205,747</u>	<u>21,345,462</u>
	384,216,996	384,500,976
Less - accumulated amortization	<u>56,410,185</u>	<u>50,393,863</u>
Housing projects	<u>\$327,806,811</u>	<u>\$334,107,113</u>

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8. Housing investment

	<u>2000</u>	<u>1999</u>
Housing investment	<u>\$17,540,773</u>	<u>\$18,557,064</u>

Housing investment represents MHRC's share in social housing projects, which until October 1, 1998 were administered by CMHC and subsequently have been administered by MHRC, under the Rural and Native Housing Program.

On September 3, 1998, MHRC and CMHC executed a Declaration of Trust by which CMHC has transferred their ownership interest in cost-shared and 100% CMHC funded Public Housing projects to MHRC, as trustee. MHRC's interest in these projects will be earned over the remainder of each project's CMHC subsidy commitment period, in amounts which will correspond to the annual amortization of the assets. No increase in housing investment has been recorded by MHRC.

9. Joint venture

- a) The Corporation contributed 124 acres of land, at appraised value, to a joint venture with Qualico Developments (Winnipeg) on July 21, 1993. The appraised value of the land at that time was \$2,220,000. On December 10, 1999 the joint venture was dissolved and the land was transferred to land for future development or sale.
- b) The Corporation contributed 179 acres of land, at appraised value, to a joint venture with Ladco Company Limited on May 11, 1989. The appraised value of the land at that time, adjusted for subsequent sales, was \$2,785,707 (1999 - \$2,935,423) and is included in joint venture land in note 10. The joint venture activities include the servicing, development and sale of approximately 476 acres of land in the City of Winnipeg, Manitoba. In accordance with the terms of the agreement, the Corporation has provided loan guarantees for the purposes of the joint venture development in an amount not to exceed \$2,400,000 (note 27).

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The following is a summary of the Corporation's pro rata share of the assets, liabilities, revenues and expenses of the Ladco Company Limited joint venture.

	<u>2000</u>	<u>1999</u>
Current Assets:		
Accounts receivable from land sales	\$ <u>659,405</u>	\$ <u>206,081</u>
Long Term Assets:		
Development in progress	681,904	1,083,494
Refundable deposits	<u>32,628</u>	<u>35,121</u>
	<u>714,532</u>	<u>1,118,615</u>
Total Assets	<u>1,373,937</u>	<u>1,324,696</u>
Current Liabilities:		
Bank indebtedness of joint venture	-	309,789
Accounts payable and accrued liabilities	<u>26,770</u>	<u>17,688</u>
Total Liabilities	<u>26,770</u>	<u>327,477</u>
Net Assets	<u>\$1,347,167</u>	<u>\$ 997,219</u>
 Sales of land	 \$1,109,790	 \$ 467,962
Cost of land sales	<u>640,366</u>	<u>274,737</u>
Gross margin	<u>469,424</u>	<u>193,225</u>
 Expenses:		
Interest on bank indebtedness	7,057	30,468
General	50,356	65,981
Other	<u>60,659</u>	<u>18,393</u>
Total expenses	<u>118,072</u>	<u>114,842</u>
Net income for the year	<u>\$ 351,352</u>	<u>\$ 78,383</u>

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10. Land

	<u>2000</u>	<u>1999</u>
Under development	\$ 187,210	\$ 197,920
Future development or sale	7,797,789	7,239,402
Leased to co-operatives	1,734,392	1,734,392
Joint ventures	<u>2,785,707</u>	<u>5,155,425</u>
Land	<u>\$12,505,098</u>	<u>\$14,327,139</u>

11. Capital assets

Capital assets represent the costs incurred for the acquisition of computer hardware and software.

12. Deferred revenue

	<u>2000</u>	<u>1999</u>
Manitoba Housing Authority tenant prepaid rent	\$1,846,293	\$1,573,366
Other prepaid land lease and subsidy contribution received in advance	<u>131,121</u>	<u>144,739</u>
Deferred revenue	<u>\$1,977,414</u>	<u>\$1,718,105</u>

THE MANITOBA HOUSING AND RENEWAL CORPORATION
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13. Long-term debt

	<u>2000</u>	<u>1999</u>
Government of the Province of Manitoba:		
Advances, convertible to long-term advances, at prime interest rates	\$ 796,171	\$ 700,310
Long-term advances, at interest rates from 6.125% to 13.375% maturing at various dates to 2030 and requiring annual principal and interest payments of \$41,314,900 (1999 - \$41,737,866)	368,696,598	382,351,150
Canada Mortgage and Housing Corporation:		
Long-term advances, at interest rates from 5.75% to 11.00% maturing at various dates to 2030 and requiring annual principal and interest payments of \$15,487,245 (1999 - \$15,508,529)	198,920,187	202,146,287
Mortgages payable (assumed on property acquisitions), at interest rates from 5.125% to 9.625% maturing at various dates to 2030 and requiring annual principal and interest payments of \$254,440 (1999 - \$254,440)	<u>2,481,316</u>	<u>2,506,344</u>
Long-term debt	<u>\$570,894,272</u>	<u>\$587,704,091</u>

Principal repayments on the long-term debt are estimated as follows:

2001	\$ 8,414,019
2002	9,103,625
2003	9,849,750
2004	10,657,028
2005	11,530,469
Subsequent to 2005	<u>521,339,381</u>
	<u>\$570,894,272</u>

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14. Deferred federal contributions

Pursuant to the Social Housing Agreement executed by MHRC and CMHC, CMHC will pay fixed annual contributions to MHRC for individual housing projects over the remainder of the CMHC subsidy commitment period. The Agreement took effect October 1, 1998 and has a funding expiration date of August 31, 2031. The Agreement provides that a specified amount of the annual federal contributions must be applied toward housing programs, which assist low income households, as defined in the Agreement. The portion of federal contributions that may be applied toward other housing programs is similarly specified. Unexpended federal contributions are carried forward by MHRC for future use, but such contributions must be fully used, in accordance with the Agreement, by the funding expiration date of August 31, 2031.

During 2000, restricted federal contributions received by MHRC exceeded amounts applied toward housing program expenditures by \$10,444,150 (1999 - \$6,349,511). These unexpended contributions have been deferred and will be recognized as revenue in future years as the related expenditures are incurred.

15. Sinking fund

Under the provisions of The Housing and Renewal Corporation Act, MHRC is required to maintain a sinking fund on deposit with the Minister of Finance, where MHRC has funds available for that purpose.

As at March 31, 2000, the Corporation determined that there were no funds available for the purpose of the sinking fund.

Commencing in the fiscal year ended March 31, 1994, MHRC no longer receives funds through the Department of Family Services and Housing for that purpose.

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16. Grants from the Province of Manitoba

	<u>2000</u>	<u>1999</u>
Department of Housing:		
MHRC operating programs	\$32,320,600	\$31,587,900
Grants and subsidies	<u>4,925,099</u>	<u>5,138,767</u>
	37,245,699	36,726,667
Grants recovered from the Department of Finance:		
Pensioner Tenant School		
Tax Assistance Program	730,217	733,267
Grants recovered from the Department of Intergovernmental Affairs:		
Winnipeg Development Agreement, Housing Assistance for High Risk Groups	<u>861,000</u>	<u>121,000</u>
Grants from the Province of Manitoba	<u><u>\$38,836,916</u></u>	<u><u>\$37,580,934</u></u>

17. Administrative services

	<u>2000</u>	<u>1999</u>
Administrative services provided by the Department of Housing were allocated as follows:		
- included in the Statement of Operations	\$2,980,300	\$2,201,100
- included in administration expenditure in Schedule B, Manitoba Housing Authority Housing Operations	1,985,800	1,713,600
- included in administration expenditure in Schedule C, Sponsor Managed Housing Operations	48,100	72,800
- included in private non-profit in Schedule D, Rental Subsidies	81,000	115,900
- included in rent supplement in Schedule D, Rental Subsidies	12,300	28,200
- included in CMHC units transferred in Schedule D, Rental Subsidies	<u>768,600</u>	<u>-</u>
Total Department of Family Services and Housing administrative services provided	5,876,100	4,131,600

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Less:	- paid to the Department of Housing by the Corporation from funds recovered through federal/provincial cost shared programs	-	673,300
	- paid to the Department of Family Services and Housing by the Corporation from funds received through the Social Housing Agreement	<u>768,600</u>	<u>-</u>
Contributed by the Department of Family Services and Housing		<u>\$5,107,500</u>	<u>\$3,458,300</u>

18. Private Non-Profit (Post 1985)

The Corporation subsidizes the operating losses of private non-profit housing corporations. The results of the operations of the private non-profit housing corporations are as follows:

	<u>2000</u>	<u>1999</u>
<u>Revenue</u>		
Rental revenue	\$ <u>7,213,206</u>	\$ <u>7,116,662</u>
<u>Expenditure</u>		
Administration	955,849	1,252,660
Property operating	4,833,376	4,779,415
Property taxes	1,257,820	1,396,859
Amortization and interest	<u>13,141,910</u>	<u>13,201,193</u>
	<u>20,188,955</u>	<u>20,630,127</u>
Operating loss	12,975,749	13,513,465
Less: federal subsidies	<u>9,485,661</u>	<u>9,767,614</u>
Net subsidy	<u>\$ 3,490,088</u>	<u>\$ 3,745,851</u>

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19. Interest expense

	<u>2000</u>	<u>1999</u>
Interest expense	<u>\$20,446,494</u>	<u>\$21,030,076</u>

In addition to the interest expense above, there is also interest expense in the amount of \$30,439,332 (1999 - \$32,184,589) included in the amortization and interest figures in the Schedule of Housing Operations for MHRC Owned Properties, Schedule A and \$1,858,723 (1999 - \$1,939,189) included in the Schedule of Rental Subsidies, Schedule D for units transferred from CMHC under the Rural and Native Program.

20. Grants and subsidies

	<u>2000</u>	<u>1999</u>
Shelter Allowance for Family Renters	\$ 980,054	\$1,094,184
Shelter Allowance for Elderly Renters	3,682,487	3,874,326
Elderly and Infirm Persons Housing	192,558	170,257
Pensioner Tenant School Tax Assistance	730,217	733,267
Residential Rehabilitation Assistance Program	1,521,920	-
Winnipeg Development Agreement,		
Housing Assistance for High Risk Groups	<u>861,000</u>	<u>121,000</u>
	<u>\$7,968,236</u>	<u>\$5,993,034</u>

21. Pension obligations

Employees of The Manitoba Housing Authority are eligible for pensions under the Manitoba Civil Service Superannuation Fund. This pension plan is a defined benefit plan, which requires The Manitoba Housing Authority to contribute an amount equal to the employees' contribution to the Superannuation Fund for

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current services. Such payments are charged to operations as incurred and MHRC has no further liability associated with the annual cost of pension benefits earned.

Pension expense recorded for the year ended March 31, 2000 was \$391,246 (1999 - \$388,511).

22. Severance pay benefits

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees. The amount of this estimated liability is determined using the method of calculation set by the Province of Manitoba.

Severance pay, at the employee's date of retirement, will be determined by multiplying the eligible employee's years of service (to a maximum of 22 or 15 years) by the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the Corporation.

The Province of Manitoba has accepted responsibility for the severance pay benefits accumulated to March 31, 1998 by the Corporation's employees. Accordingly, the Corporation recorded, effective April 1, 1998, a receivable of \$877,105 from the Province of Manitoba, which is an amount that is equal to the estimated liability recorded for accumulated severance pay benefits at March 31, 1998.

This receivable from the Province of Manitoba has no terms of repayment and accordingly, the amount of this receivable will remain fixed at \$877,105.

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23. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

24. Contingencies

The Corporation is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of the Corporation. Any settlement will be recognized in the year the settlement occurs.

25. Risk Reserve Fund

Pursuant to the Social Housing Agreement dated September 3, 1998 between CMHC and MHRC, CMHC made a one-time payment of \$12,700,000 to MHRC in 1999. This amount was provided for the purpose of mitigating future operating risks associated with MHRC's financial responsibility for housing programs transferred from CMHC pursuant to the Agreement. This amount has been recorded as a risk reserve fund and is increased by interest earned thereon and is reduced as the Corporation incurs expenses as a result of the identified risks.

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26. Commitments

As a result of the Social Housing Agreement dated September 3, 1998, MHRC is now fully responsible for the funding commitments of all Public Housing Projects in Manitoba. These commitments will expire on a staggered basis over the period ending 2031, concurrent with the Social Housing Agreement funding expiration date of August 31, 2031. An estimate of these commitments for each of the next five years is as follows:

2001	\$48,821,408
2002	48,534,904
2003	47,609,392
2004	46,542,890
2005	45,954,925

27. Guarantees

The Corporation has guaranteed the repayment of mortgages and has issued letters of credit which guarantee the terms and conditions of land development agreements and construction contracts. The outstanding guarantees are as follows:

	<u>2000</u>	<u>1999</u>
Joint Venture Investment Guarantee (note 9)	\$2,400,000	\$2,400,000
Mobile Home Loan Guarantee Program	2,895,669	3,616,304
Rural Mortgage Lending Program	11,958	17,633
Other mortgage guarantees	<u>1,834,535</u>	<u>2,014,930</u>
Total guarantees	<u>\$7,142,162</u>	<u>\$8,048,867</u>

**THE MANITOBA HOUSING AND RENEWAL CORPORATION
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2000**

A guarantee fee of 2 1/2% is charged for each mortgage under the Mobile Home Loan Guarantee Program. The assets of the Mobile Home Loan Guarantee Program as at March 31, 2000 are \$720,847 (1999 - \$689,925) and are included in cash \$674,229 (1999 - \$643,307) (note 4) and in housing projects \$46,618 (1999 - \$46,618). The trust fund liability is included in accounts payable.

28. Comparative figures

Certain comparative figures in the financial statements have been restated to conform with the presentation of the current year.



APPENDIX "A"

Direct-Managed Public Housing Portfolio

The Manitoba Housing Authority, (The MHA) acts as the property management agency for the direct-managed Public Housing Program. These housing projects are designed to provide adequate and affordable housing for low-income seniors, families, and singles, and they are owned and capital funded by The Manitoba Housing and Renewal Corporation. Subsidies are provided through ongoing federal/provincial cost-sharing arrangements. Depending on the program under which each project was committed, subsidy costs equal to the difference between project operating costs and revenue based on rent-geared-to-income rental rates may be shared on a 50 per cent federal / 50 per cent provincial basis or on a 75 per cent federal / 25 per cent provincial basis. (For one program, the pre-1986 Section 95 Non-Profit Housing Program, the subsidy is determined by a mortgage interest rate write-down to 2 per cent for purposes of repayment.)

The direct-managed public housing portfolio has been broken down by district, and housing categories are broken down by family (FAM.), elderly (ELD.), special purpose (SPEC.), and mortgage (MTG.) units.

DISTRICT 1: WINNIPEG	MHA MANAGED				TOTAL UNITS
	FAM.	ELD.	SPEC.	MTG.	
1.1 Downtown	254	557	1		812
1.2 Central Park	282	423	3		708
1.3 St. James	480	309	0		789
1.4 Lord Selkirk	432	245	0		677
1.5 North End	458	394	0		852
1.6 Brooklands	705	0	0		705
1.7 Fort Garry	648	151	0		799
1.8 Fort Rouge	286	536	0		822
1.9 North East	769	0	0		769
1.10 St. Vital	559	191	0		750
TOTAL	4,873	2,806	4	0	7,683

DISTRICT 3: SELKIRK	MHA MANAGED				TOTAL UNITS
	FAM.	ELD.	SPEC.	MTG.	
Arborg	10	39			49
Ashern	23	38			61
Balmoral		12			12
Beausejour	20	55			75
Birds Hill		8			8

District 3 continued on next page

DISTRICT 3: SELKIRK CONT'D	MHA MANAGED				TOTAL UNITS
	FAM.	ELD.	SPEC.	MTG.	
Clandeboye				1	1
East Selkirk		12			12
Eriksdale	7	20		1	28
Fisher Branch	5	20		2	27
Fraserwood		12			12
Garson		12			12
Gimli	14	48		6	68
Grand Marais		8			8
Great Falls	1				1
Gunton				1	1
Hodgson		14			14
Inwood		10			10
Komarno		4			4
Lac du Bonnet	10	38			48
Moosehorn		22			22
Poplarfield		8			8
Powerview	7				7
Riverton	17	24		5	46
St. George		15			15
St. Laurent	28	20			48
Selkirk	237	139	1		377
Stonewall	10	28			38
Stony Mtn.		12			12
Teulon	4	18		2	24
Tyndall		12			12
Victoria Bch.				1	1
Whitemouth		12		2	14
Wpg. Beach		20			20
Total	393	680	1	21	1,095

DISTRICT 4: ALTONA	MHA MANAGED				TOTAL UNITS
	FAM.	ELD.	SPEC.	MTG.	
Altona	25	18			43
Dominion City	2	6			8
Emerson	1	16			17
Gretna	9	17			26
Grunthal		32			32
Hadashville		4		1	5
Ile des Chenes		12			12
La Salle		6			6
Letellier		4			4
Lorette	6	14			20
Middlebro	2	4		1	7
Mitchell	5				5
Morden	43				43
Morris	17	28			45
New Bothwell				1	1
Niverville	10	15			25
Piney		10		1	11
Plum Coulee		30			30
Richer		8			8
Rosenfeld	2				2
St. Adolphe		12			12
St. Malo	4				4
St. Pierre-Jolys	9				9
Ste. Agathe		10			10
Ste. Anne	4				4
South Junction	2	2		1	5
Sprague	4	12		2	18
Steinbach	47		1		48
Tolstoi	1				1
Vassar	3	8		1	12
Vita	2	32			34
Winkler	55	12	1		68
Woodridge	1	10		1	12
Total	254	322	2	9	587

DISTRICT 5: PORTAGE	MHA MANAGED				TOTAL UNITS
	FAM.	ELD.	SPEC.	MTG.	
Carman	21	47			68
Cartwright	2	12			14
Clearwater		4			4
Fannystelle	9				9
Haywood		6			6
Manitou	10				10
Neepawa	19				19
Notre Dame	1	24			25
Oakville		10			10
Pilot Mound	6				6
Plumas		12			12
Portage la Pr.	169	133	1		303
St. Claude	4	8			12
St. Eustache		12			12
St. Leon		2		1	3
Sidney	1				1
Somerset	7				7
Treherne	1	4			5
Westbourne		8			8
Total	250	282	1	1	534

DISTRICT 6: BRANDON	MHA MANAGED				TOTAL UNITS
	FAM.	ELD.	SPEC.	MTG.	
Boissevain	7	25			32
Brandon	432	353	1		786
Brookdale		2			2
Carberry	12				12
Deloraine	7				7
Douglas	1				1
Elkhorn	2	18		2	22
Elphinstone		4			4

District 6 continued on next page

DISTRICT 6: BRANDON CONT'D	MHA MANAGED				TOTAL UNITS
	FAM.	ELD.	SPEC.	MTG.	
Erickson	4	6			10
Glenboro	5	14			19
Goodlands				1	1
Hamiota	6				6
Hartney	6				6
Kenton		8			8
Killarney	12	15			27
Melita	8				8
Miniota	3				3
Minnedosa	13	55			68
Minto		4			4
Oaklake		20			20
Oakburn	3	4			7
Onanole	15	8			23
Reston		4			4
Rivers	15	12			27
Sandy Lake	1	12			13
Souris	7	60			67
Strathclair		12			12
Virden	19				19
Waskada		6			6
Total	578	642	1	3	1,224

DISTRICT 7: DAUPHIN	MHA MANAGED				TOTAL UNITS
	FAM.	ELD.	SPEC.	MTG.	
Alonsa		12		1	13
Dauphin	53	193	1		247
Eddystone		12			12
Ethelbert		20		1	21
Fork River				2	2
Gilbert Plains	6	18			24

District 7 continued on next page

DISTRICT 7: DAUPHIN CONT'D	MHA MANAGED				TOTAL UNITS
	FAM.	ELD.	SPEC.	MTG.	
Glenella	1	4			5
Grandview	11	18			29
Kelwood	2	8			10
Laurier	2	8			10
McCreary	3	12		2	17
Ochre River	2	12			14
Pine River		10			10
Riding Mtn.	1				1
Rorketon		8			8
Ste. Rose	9				9
Sifton		8			8
Winnipegosis	16	10		3	29
Total	106	353	1	9	469

DISTRICT 8: ROBLIN	MHA MANAGED				TOTAL UNITS
	FAM.	ELD.	SPEC.	MTG.	
Angusville		6			6
Benito		30			30
Binscarth	1	16		2	19
Birch River	10	24			34
Birtle	6	15			21
Bowsman	1	9		3	13
Foxwarren		6			6
Inglis		10			10
McAuley		2			2
Minitonas	7	18			25
Roblin	30			1	31
Rosburn	3	14			17
Russell	19	40			59
St. Lazare	12	12			24

District 8 continued on next page

DISTRICT 8: ROBLIN CONT'D	MHA MANAGED				TOTAL UNITS
	FAM.	ELD.	SPEC.	MTG.	
Swan River	78	103			181
Vista	1				1
Total	168	305	0	6	479

DISTRICT 9: THE PAS	MHA MANAGED				TOTAL UNITS
	FAM.	ELD.	SPEC.	MTG.	
Cranberry Ptg.	8				8
Flin Flon	70	36			106
Gillam	7				7
Leaf Rapids	153				153
Snow Lake		4			4
The Pas	172	66	1		239
Thompson	64		1		65
Total	474	106	2	0	582

DISTRICT 10: CHURCHILL	MHA MANAGED				TOTAL UNITS
	FAM.	ELD.	SPEC.	MTG.	
Churchill	329	10			339
Total	329	10	0	0	339

TOTAL	7,425	5,506	12	49	12,992
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APPENDIX "B"

Rent Supplement Units

The Rent Supplement Program is designed to assist low- and moderate-income family and elderly households to obtain suitable housing in the private rental sector and in non-profit housing projects. The provincial government has entered into agreements with owners/operators of private rental stock whereby the province subsidizes the difference between the approved market rental rate charged by the landlord and the rent-geared-to-income rate paid by the qualifying tenant. The program is administered by The Manitoba Housing Authority and subsidy costs are shared by the federal and provincial governments on a 50 per cent federal / 50 per cent provincial basis for units committed pre-1986 and on a 75 per cent federal / 25 per cent provincial basis for units committed post-1985.

DISTRICT 1: WINNIPEG	UNITS
All districts in Winnipeg	1,664
Total	1,664

DISTRICT 3: SELKIRK	UNITS
Inwood	7
Selkirk	10
Stonewall	9
Teulon	14
Woodlands	4
Total	44

DISTRICT 4: ALTONA	UNITS
Landmark	4
Morden	3
Rosenort	7
Ste. Anne	21
Steinbach	1
Total	36

DISTRICT 5: PORTAGE	UNITS
Carman	3
Fannystelle	2
Gladstone	2
Portage la Prairie	24
Swan Lake	2
Total	33

DISTRICT 6: BRANDON	UNITS
Brandon	84
Carberry	11
Deloraine	10
Miniota	7
Newdale	3
Souris	4
Total	119

Continued on following page

Rent Supplement Units, continued

DISTRICT 7: DAUPHIN	UNITS
Dauphin	30
Gilbert Plains	4
Total	34

DISTRICT 8: ROBLIN	UNITS
Nil	
Total	0

DISTRICT 9: THE PAS	UNITS
Flin Flon	13
The Pas	35
Thompson	13
Total	61

DISTRICT 10: CHURCHILL	UNITS
Nil	
Total	0

TOTAL UNITS	1,991
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APPENDIX "C"

Provincially Administered Housing Portfolio

The Portfolio Administration Branch of Housing Services is responsible for a number of programs that were transferred from the federal government under the Social Housing Agreement, executed September 3, 1998. Some programs are targeted to provide housing assistance to clients/tenants in core need, while other programs are not targeted. The program descriptions and objectives can be summarized briefly, as follows:

Section(s) 26 and 27 Non-Profit Program:

Objective: To provide appropriate and economic rental housing accommodation for families and individuals of low income and for disadvantaged persons.

- This portion of the portfolio comprises housing projects developed between 1959 and 1978 and owned by non-profit organizations, and includes approximately 4,200 beds in nursing homes or personal care homes.
- These programs are not targeted to low-income households but are generally oriented to lower-end market rents.
- There is no ongoing federal subsidy associated with these projects.
- Projects are financed by CMHC (with loans at preferred interest rates for up to 50 years) and are owned by their non-profit sponsors/corporations.
- The department will administer the program and project operating agreements to ensure sponsors are achieving the principles and program objectives.

Section 95 (Pre-1986) Private Non-Profit Program:

Objective: To provide modest, affordable housing appropriate to the needs of low- and moderate-income families and individuals through public and private non-profit corporations.

- This portion of the portfolio includes housing projects developed between 1978 and 1986 and owned by non-profit organizations, and includes just over 900 nursing home beds.
- Projects are directly financed through CMHC or are financed through private lenders with mortgage insurance provided by CMHC.
- There is an ongoing federal subsidy obligation that generally takes the form of an interest rate write down (to 2 per cent), allowing projects to rent at the mid or lower end of market. There is some risk involved, in that if interest rates increase, the portion of the interest rate that is subsidized will increase.
- Only a portion of the portfolio is targeted to low-income households in need, so that not all unit subsidies are provided on a rent-to-income basis.
- The department will administer the program and project operating agreements to ensure sponsors are achieving the principles and program objectives.

Section 95 (Pre-1986) Co-Operative Housing Program:

Objective: To provide modest, affordable housing appropriate to the needs of low- and moderate-income families and individuals through non-profit housing co-operatives.

- This portion of the portfolio includes housing projects developed between 1981 and 1986 and owned by non-profit housing co-operatives.
- Projects are financed through private lenders with mortgage insurance provided through CMHC.

- There is an ongoing federal subsidy obligation that generally takes the form of an interest rate write down (to 2 per cent), allowing project housing charges to be at the mid to lower end of market. There is some risk involved, in that if interest rates increase, the portion of the interest rate that is subsidized will increase.
- Only a portion of the portfolio is targeted to low-income households in need through the Rent Supplement program, so that limited unit subsidies are provided on a rent-to-income basis.
- The department will administer the program and project operating agreements to ensure sponsors are achieving the principles and program objectives.

Section 95 (Pre-1986 and Post-1985) Urban Native Non-Profit Housing Program:

Objective: To provide modest, affordable housing appropriate to the needs of low- and moderate-income native families and individuals through Urban Native non-profit corporations.

- The Urban Native Non-Profit Housing Program(s) provided mortgage financing to non-profit native organizations for the acquisition/development of rent-geared-to-income housing targeted to native households in communities with a population of 2,500 or greater. There are 12 native non-profit organizations with projects under these programs.
- This portion of the portfolio includes roughly 910 units. Approximately 230 units were developed pre-1986 and were funded unilaterally by CMHC (i.e., subsidy costs are not shared by the province.)
- 679 units were developed post-1985 and subsidy costs are cost-shared on a 75 per cent/25 per cent basis by the federal and provincial governments respectively.
- The post-1985 portfolio also includes one special purpose Urban Native project with 16 units (Native Women's Transition Centre). The subsidy obligation for this project is an interest rate write down (to 2 per cent).
- The department will administer the program and project operating agreements to ensure sponsors are achieving the principles and program objectives.

Section 79 Rural and Native Housing (RNH) Program:

Objective: To assist native and non-native households in need in rural areas to access affordable, adequate, and suitable rental housing.

- The federal portion of the RNH program provides rent-geared-to-income accommodation targeted primarily to native households in communities with a population of less than 2,500. (The provincial RNH portfolio is targeted to households in need, but it is not targeted to native households.)
- This portion of the portfolio includes roughly 1,900 units.
- Projects are jointly owned by the federal/provincial partnership, and subsidy costs are cost-shared 75 per cent/25 per cent by the federal and provincial governments respectively.
- At the expiry of project operating agreements, ownership of the projects transfers to the province.
- The department will administer the program and project operating agreements to ensure sponsors are achieving the principles and program objectives.

Section 95 Index-Linked Mortgage (ILM) Co-Operative Housing Program:

Objective: To support the production and operation of cost-effective co-operative housing to provide security of tenure for moderate-income households who cannot afford homeownership.

- The ILM co-op program provides ongoing assistance to non-profit housing co-ops to maintain occupancy charges at or below market rents for similar rental housing in the market area.
- The program operated from 1986 to 1995. There were 18 projects were developed under this program, comprising just under 800 units in total.
- The program was developed as a market-housing program with income targeting achieved through the provision of Rent Supplement subsidies for up to 50 per cent of the units in any project.

- Projects were financed using an index-linked mortgage. Under the ILM, initial payments are set lower than with a conventional equal payment mortgage and are increased annually by a factor equal to the Consumer Price Index less 2 per cent. The federal assistance is increased annually by the same factor (i.e., CPI less 2 per cent.)
- Rent Supplement assistance is provided under the Post-1985 Rent Supplement program. Occupants of Rent Supplement units pay rent-geared-to-income. Subsidy costs are shared 75 per cent/25 per cent by the federal and provincial governments respectively.
- The department will administer the program and project operating agreements to ensure co-operatives are achieving the principles and program objectives.

Section 82 Public Housing Program: Sponsored Management:

Objective: To provide adequate publicly owned rental housing accommodation for individuals and families of low income within their financial capacities.

- Although projects are owned by the province, they **are managed by sponsor groups** or non-profit organizations that are usually associated with a church or service group (as opposed to the direct-managed portfolio that is owned by the province and managed by the MHA.) Projects are operated in accordance with the policies and procedures of Manitoba Housing.
- Housing projects were typically developed in the early 1970's through to 1978.
- Federal/provincial cost sharing arrangements are 50 per cent federal/50 per cent provincial. Assistance for these projects generally covers the difference between total project operating costs (including debt repayment), and total project revenues.
- Applicants must meet income, affordability, adequacy and suitability criteria, and rents are based on the rent-geared-to-income rental rate currently in effect.

Section 95 (Post 1985) Private Non-Profit Program:

Objective: To assist households in need to obtain affordable, adequate and suitable housing.

- Between 1986 and 1994, the federal/provincial partnership provided assistance to private non-profit corporations for the construction and operation of multiple-unit housing projects.
- Projects could include both market (non-targeted) units and units targeted to low-income households who meet income, affordability, adequacy and suitability criteria.
- Rents for the targeted units are based on the rent-geared-to-income rental rate currently in effect.

This table shows the distribution of units across the different program areas of the portfolio.

PROVINCIALY ADMINISTERED HOUSING PORTFOLIO

PROGRAM TYPE	PROVINCIAL UNITS	FEDERAL UNITS		TOTALS
		FEDERAL UNILATERAL	NATIVE TARGETED	
Sponsor managed – owned by province but operated by non-profit sponsor groups	3,291			3,291
Non-Profit owned & operated – province cost shares subsidies on its +2,000 units	1,925	11,790		13,715
Co-operative programs including non-profit co-ops and ILM co-ops		2,127		2,127
Urban Native – owned and operated by non-profit urban native groups			910	910
TOTALS	5,216	13,917	910	20,043
		14,827		

